

## Message Text

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PAGE 01 ROME 11135 081215Z  
ACTION EUR-12

INFO OCT-01 ISO-00 PM-04 NSC-05 SP-02 SS-15 CIAE-00  
INR-07 NSAE-00 L-03 TRSE-00 OMB-01 ABF-01 /051 W  
-----102321 082055Z /73

R 081105Z JUL 77  
FM AMEMBASSY ROME  
TO SECSTATE WASHDC 5750  
INFO DOD/DSAA WASHDC  
JCS WASHDC  
USCINCEUR VAIHINGEN GE  
AMEMBASSY BRUSSELS  
AMEMBASSY COPENHAGEN  
AMEMBASSY PARIS  
AMEMBASSY BONN  
AMEMBASSY THE HAGUE  
AMEMBASSY OSLO

UNCLAS ROME 11135

E.O. 11652: N/A  
TAGS: MASS  
SUBJ: ITALIAN CONTRIBUTION TO SUPPORT OF ODC

REF: A. 76 ROME 18490, B. ROME 1763

1. IN RESPONSE TO MISSION'S REGULAR (ANNUAL CYCLE) REQUEST FOR REIMBURSEMENT OF ADMINISTRATIVE EXPENSES OF ODC (IN ACCORDANCE PARA. IV) MUTUAL DEFENSE ASSISTANCE AGREEMENT OF JANUARY 27, 1950), MOD HAS FOR FIRST TIME INVOKED CONSULTATIVE PROVISIONS OF AGREEMENT. IN SUBSEQUENT NEGOTIATIONS, MOD AGREED TO REIMBURSEMENT ON BASIS OF ADMINISTRATIVE COSTS ASSOCIATED DIRECTLY WITH SERVICES PERFORMED TO THE BENEFIT OF THE ITALIAN DEFENSE ESTABLISHMENT, 75 PERCENT OF THE AMOUNT WE SUBMITTED AS THE ODC BUDGET. LACKING WASHINGTON GUIDANCE (SEE REFTTEL B), EMBASSY HAS ACCEPTED THAT LEVEL OF PAYMENT.

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2. THE MOD HAS NOT YET RESPONDED OFFICIALLY TO THE EARLIE MISSION REQUEST FOR THE CUSTOMARY REIMBURSEMENT OF MAAG ADMINISTRATIVE EXPENDITURES FOR FY 76 TOTALING \$583,000.00. MOD HAS TAKEN POSITION, WARRANTED IN OUR VIEW, THAT A SIGNIFICANT PART OF THE UNUSUALLY HIGH EXPENDITURE IN OUR BUDGET SUBMISSION FOR FY 76 REFLECTS SOME COSTS RELATED TO U.S. ACTIVITIES THAT WERE PRIMARILY UNILATERAL IN INTEREST, INCLUDING COSTS

ASSOCIATED WITH THE CONVERSION OF THE MAAG TO THE ODC. ALTHOUGH IT IS DIFFICULT TO WEIGH THE BENEFITS TO ITALY OR TO THE US OF SPECIFIC MAAG (OR ODC) ACTIVITIES WE BELIEVE THE ITALIAN POSITION TO BE JUSTIFIED IN GENERAL. UNLESS THE DEPARTMENT PERCEIVES ANY IMPEDIMENT, WE PROPOSE TO SUGGEST OUR WILLINGNESS TO ACCEPT A 25 PERCENT "DISCOUNT" ON THE FY 76 BUDGET AS WELL.

3. THE ADMINISTRATIVE COST OF THE ODC WILL BE CONSIDERABLY LESS IN THE FUTURE. WE EXPECT THE FY 77 BUDGET TO BE APPROXIMATELY \$265,000. IN SUBSEQUENT YEARS IT WILL BE EVEN LESS. IF WE ACCEPT A 75 PERCENT REIMBURSEMENT FROM THE MOD AS A BENCHMARK FOR THE FUTURE, THE FISCAL BUREN ON THE MOD AND THE CORRESPONDING BENEFIT TO THE US ARE MARGINAL. HOWEVER, THE MISSION BELIEVES THAT ITALIAN SUPPORT (AT ANY REASONABLE LEVEL) OF THE ODC IS PSYCHOLOGICALLY IMPORTANT IN UNDERLINING THE "MUTUAL" PART OF OUR SECURITY PARTNERSHIP WITH ITALY, AND IT SHOULD CONTINUE. GARDNER

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** POLICIES, MILITARY BUDGET, FINANCIAL CONTRIBUTIONS, MILITARY ASSISTANCE PROGRAMS  
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**Copy:** SINGLE  
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**Decaption Date:** 01-Jan-1960 12:00:00 am  
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**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
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**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
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**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
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**Office:** ACTION EUR  
**Original Classification:** UNCLASSIFIED  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
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**Page Count:** 2  
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**Reference:** 76 ROME 18490, 77 ROME 1763  
**Retention:** 0  
**Review Action:** RELEASED, APPROVED  
**Review Content Flags:**  
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**Review Event:**  
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**Review Release Date:** n/a  
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**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 1920396  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** ITALIAN CONTRIBUTION TO SUPPORT OF ODC  
**TAGS:** MASS, IT  
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**Type:** TE  
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**Review Markings:**  
Margaret P. Grafeld  
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